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Federal Communications Commission  
Washington, D.C. 20554

HERMAN Q. DELEON GUERRERO  
P. O. Box 500825  
Saipan, MP 96950-0825  
May 21, 2003

Mr. Michel K. Powell  
Chairman  
Federal Communications Commission  
445 12th Street, SW  
Washington, D.C. 20554

Subject: Comments on Application for Consent to Transfer Control filed by Bell Atlantic New Zealand Holdings, Inc., and Pacific Telecom, Inc. (18 Docket No. 03-115)

Dear Mr. Chairman:

This petition is made pursuant to FCC's Public Notice, referenced as "DA 03-1532", dated May 9, 2003, on the above subject matter.

The undersigned petitioner is of legal age, a resident of Saipan, Commonwealth of the Northern Mariana Islands, and citizen of the United States of America. Additionally, the petitioner was one of the several CNMI resident incorporators of the former **Micronesian Telecommunications Corporation (MTC)**, the predecessor of **GTE-Hawaiian Tel and Verizon Micronesia**, the present provider in the CNMI of domestic and international telecommunications services.

The petitioner respectfully urges the Federal Communications Commission to disapprove the application of **Pacific Telecom, Inc. (PTI)**, for the purchase and ownership of the telecommunications assets and facilities in the CNMI, for the following reasons and considerations:

1. PTI - Doubtful Credibility. In the April 17, 2003 issue of the *Marianas Variety* (a daily newspaper published on Saipan), Mr. Jose Ricardo Delgado, PTI's chief financial officer, was quoted as saying: "127 employees of Verizon will become owners of the company under the purchase deal". Mr. Delgado continued: "This has never happened before in the CNMI, where employees would also own the company they work for". In the same article, he also stated that "10% of the company shares will go to the employees through a 'trust fund'".

Mr. Delgado's statement, pertaining to allowing employees to own a "piece of the company", is incorrect. I was one of the corporate shareholders of MTC, and at the same time employed/served as the company's vice president for administration (1977 - 1979). Mr. Delgado's research of MTC, *Hawaiian Tel* and *Verizon*'s backgrounds obviously was incomplete.

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**Part III of IB Docket No. 03-115 (Petition for Declaratory Ruling allowing Indirect Foreign Ownership)**, provides: "PTI also seeks advanced authorization for two percent indirect foreign ownership by unidentified individuals who may acquire attributable foreign ownership interests in PTI via a proposed trust arrangement to be established for the benefit of the employees of MTC after acquisition by PTI". This statement is somewhat ambiguous. PTI seems to be reserving 2% of the corporation shares for un-named foreign nationals, for possible acquisition by MTC's employees. This 2% share offer is contrary to Mr. Delgado's April 17, 2003 statement (4/17/03 issue of MARIANAS VARIETY), in which he stated: "Ten percent of the company shares will go to employees through a trust fund".

2. CNMI/US Citizens Excluded from Ownership. The transfer of telecommunications ownership to PTI will exclude CNMI/US citizens from a meaningful participation and to benefit from the lucrative business venture. Part II of FCC's Public Notice (referenced: DA 03-1532, dated May 9, 2003) states that Prospector Investment Holdings Inc. (a corporation of the Cayman Islands, British West Indies) wholly owns PTI, the prospective buyer of MTC/Verizon's telecom assets in the CNMI. Prospector is 100 percent owned jointly by Richard C. Delgado and Jose Ricardo Delgado, both citizens of the Philippines. It is seriously doubtful that PTI will consent to a majority ownership of the CNMI telecom facilities by CNMI/US citizens.

The telecommunications operation in the CNMI is a good, reliable and profit-generating business. What was once a Trust Territory government outmoded, manually-operated telephone system, becomes today an efficient, fully-automated network; capable of meeting global standards and needs. This marked achievement in telecommunications is the result of the hard works and decisive actions by MTC's incorporators (many of whom were CNMI citizens), GTE-Hawaiian Tel and Verizon, as well as the availability of low-interest development loans from the U.S. Rural Electrification Administration, and the commitments and earnest support of CNMI past and present government officials.

3. Frustrate Employment Opportunities to CNMI/US Citizens. PTI, a Philippine-based corporation, can be expected to reduce, as a cost-saving approach, the current level of local employees, and to replace them with lower-waged foreign workers, particularly from the Philippines...

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This action, in addition to increasing the island's un-employment condition, will deprive our people of crucial training opportunities and work experience in the specialized industry. Conversely, the employment of CNMI residents will provide meaningful incomes for family sustenance and ensures that earnings made do stay in the CNMI, to support and enhance the territory economy. Presently, a high majority of the foreign workers' earnings are exiting and remitted in depositories outside the Commonwealth. The trend of foreign remittance is expected to continue and rise even further, as more non-residents are brought in for employment in PTI.

4. CNMI Government and Its People will be the Losers. The control and ownership of telecommunications operation in the Northern Mariana Islands by PTI provide no new or additional benefits to the CNMI people and the government. The system is already well functioning and a profit-generating network.

If PTI purchase application is approved, the CNMI will stand to lose, and lose dearly, in the following areas:

- a. Profits made by the industry will very likely be sent and invested in other country(ies), instead of in the Northern Mariana Islands.
- b. Employment opportunities for CNMI residents in the PTI-managed operation are expected to be dismal, as more, not less, foreign workers are brought in. The continuing and increasing presence of non-residents for employment purposes is of serious concern to both the CNMI and the federal government.
- c. The CNMI government gains no more in franchise fees and other applicable duties from the PTI operation than what it now gets from the present service provider.

5. Unique Opportunity for the CNMI. The people of the Commonwealth of the Northern Mariana Islands were almost always constrained from participating in major efforts that shape their economic future. This is primarily due, in the past, to limited financial resources available to them. The situation has now changed, as the people are beginning to have the means of securing capitals necessary to own and manage essential facilities and services, including telecommunications.

The people of the Northern Mariana Islands were never permitted, by past foreign powers, to chart out their own economic and political destiny. However, being a member of the U.S. political family, the CNMI has now boundless opportunity for progress. The disapproval of

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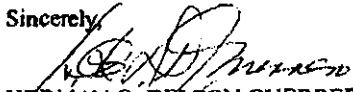
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PTI's proposed acquisition can be a major step in allowing the CNMI people to have control over affairs within their islands.

There is no compelling justifications, neither for our nation's security nor the CNMI economic interests, that the telecommunications ownership and operation be transferred to PTI. Indeed, a transfer of these vital infrastructure to foreign control may be detrimental to both objectives.

Therefore, the Federal Communications Commission is respectfully requested to disapprove the petition filed under IB Docket No. 03-115, by Pacific Telecom, Inc. (PTI) to purchase, own and control the telecommunications facilities and services in the Commonwealth of the Northern Mariana Islands.

Sincerely,

  
HERMAN Q. DELEON GUERRERO  
PETITIONER

Copies to:

1. The Honorable Juan N. Babauta  
Governor, Commonwealth of the Northern Mariana Islands (Saipan)
2. Mr. Norman T. Tenorio  
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